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STATE OF ILLINOIS
GOVERNOR'S OFFICE OF
MANAGEMENT AND BUDGET

FISCAL YEAR 2014 THIRD QUARTER FINANCIAL REVIEW

GENERAL FUNDS HIGHLIGHTS

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the third quarter of State fiscal year 2014 (FY14). Table I reflects a net operating loss of \$576 million.

Table I
GENERAL FUNDS HIGHLIGHTS
Third Quarter Review
FY2013 vs. FY2014
(in millions)

	YTD			
	FY13	FY14	\$ Change	% Change
General Funds Revenues ¹	\$ 23,541	\$ 24,347	\$ 806	3%
Transfers In ²	1,400	1,645	\$ 245	17%
Total Receipts	24,941	25,991	\$ 1,050	4%
General Funds Expenditures ¹	22,687	22,526	\$ (161)	-1%
Transfers Out ²	3,901	4,041	\$ 140	4%
Total Spending	26,588	26,567	\$ (21)	0%
Net Operating Surplus/(Deficit)	\$ (1,647)	\$ (576)	\$ 1,071	-65%

¹Revenues reflected are cash basis. Expenditures are budget year basis.

²Transfers In/Out do not include Budget Stabilization Fund or intra-fund transfers.

³Does not include continuing appropriations.

General Funds Revenues totaled \$24,347 million, an increase of \$806 million over the fiscal year 2013 (FY13) third-quarter-end level. Transfers from other funds to the General Funds increased \$245 million compared to the same period in FY13, as detailed in the Revenue Summary that follows.

FY14 year-to-date General Funds Expenditures totaled \$22,526 million at the end of the third quarter, a decrease of \$161 million from the FY13 third quarter level. Further discussion of the expenditures is provided in the Expenditures Summary that follows.

Note: Tables in this report may not add due to rounding.

GENERAL FUNDS REVENUE SUMMARY

Table II, below, sets forth General Funds quarter-end revenues for the third quarter of FY14. General Funds Revenues (including Transfers-In and Federal Revenues) increased by \$1,050 million, or 4.0%, over the FY13 third quarter level.

Table II
GENERAL FUNDS REVENUES
Third Quarter Review
FY2013 vs. FY2014
(in millions)

Source	Year to Date Actual				Year to Date Budget				Budgeted
	FY13 YTD	FY14 YTD	YTD Difference		FY14 YTD Budget	FY14 YTD Actual	Variance		FY14 Revised Total Budget
			Dollar Amount	Percent			Dollar Amount	Percent	
Gross Individual Income Tax	12,393	12,906	513	4.1%	8,970	12,906	3,936	143.9%	18,012
Less: Deposits to Income Tax Refund Fund	(1,208)	(1,226)	(18)	1.5%	(628)	(1,226)	(598)	195.3%	(1,711)
Net Individual Income Tax	11,185	11,680	495	4.4%	8,343	11,680	3,338	140.0%	16,301
Gross Corporate Income	2,207	2,392	185	8.4%	1,458	2,392	934	164.1%	3,744
Less: Deposits to Income Tax Refund Fund	(309)	(321)	(12)	3.7%	(190)	(321)	(131)	169.1%	(427)
Net Corporate Income Tax	1,898	2,072	174	9.1%	1,268	2,072	803	163.3%	3,317
Sales	5,454	5,675	221	4.1%	5,151	5,675	524	110.2%	7,610
Public Utility	765	774	9	1.2%	824	774	(50)	93.9%	1,006
Cigarette	265	265	0	0.0%	264	265	1	100.3%	355
Inheritance	216	185	(31)	-14.6%	178	185	6	103.4%	218
Liquor	125	125	(0)	-0.2%	121	125	4	103.0%	166
Insurance	213	207	(6)	-2.9%	212	207	(5)	97.7%	325
Corporate Franchise	159	159	0	0.3%	155	159	4	102.7%	203
Investment Income	16	14	(2)	-12.3%	27	14	(13)	52.3%	17
Cook County IGT	150	120	(30)	-20.0%	152	120	(32)	79.0%	244
Other Sources	337	459	122	36.1%	335	459	124	137.0%	572
TOTAL STATE REVENUES	20,782	21,735	953	4.4%	17,031	21,735	4,704	127.6%	30,334
Federal Revenues	2,758	2,612	(146)	-5.3%	3,511	2,612	(899)	74.4%	4,113
Transfers-In:	1,400	1,645	245	17.5%	2,078	1,645	(433)	79.2%	2,278
Lottery	462	470	8	1.8%	447	470	23	105.1%	669
Gaming/Gaming Taxes	275	275	(0)	-0.1%	286	275	(12)	96.0%	327
Other Transfers-In	664	900	236	35.5%	1,344	900	(444)	66.9%	1,282
TOTAL RECEIPTS	\$ 24,941	\$ 25,991	\$ 1,050	4.0%	\$ 22,619	\$ 25,991	3,372	114.9%	\$ 36,725

- **Income Taxes (\$669 million increase):** Individual Income Tax quarter-end net receipts increased by \$495 million, or 4.4%, over the FY13 third quarter level.

Corporate Income Tax quarter-end net receipts increased by \$174 million, or 9.1%, over the FY13 third quarter level.

- **Sales Taxes (\$221 million increase):** Sales Tax quarter-end receipts increased by \$221 million, or 4.1%, over the FY13 third quarter level.
- **Inheritance Taxes (\$31 million decrease):** Inheritance Tax quarter-end receipts decreased 14.6% from the FY13 third quarter level.
- **All Other Sources (\$93 million increase):** Several categories of state taxes yielded less revenue in the third quarter of the current fiscal year over the previous fiscal year. Overall, however, all other sources increased.
- **Federal Revenues (\$146 million decrease):** FY14 quarter-end federal sources of revenue decreased by \$146 million, or 5.3%, compared to the FY13 third quarter level.
- **Transfers-In (\$245 million increase):** Transfers-in increased by \$245 million, or 17.5%, compared to the FY13 quarter-end level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds expenditures through the third quarter of FY14. General Funds expenditures through the end of the quarter totaled \$22,526 million, a decrease of \$161 million (>1%) over the FY13 quarter-end level.

Table III
GENERAL FUNDS EXPENDITURES
Third Quarter Review
FY2013 vs. FY2014
(in millions)

Agency	FY13	FY14	FY13	FY14	Change	FY13	FY14
	Enacted	Enacted	Expend	Expend		Percent Spent	Percent Spent
	Appropriation ¹	Appropriation ¹					
Constitutional Officers	\$ 674	\$ 461	\$ 540	\$ 334	\$ (205)	67%	40%
DHFS	\$ 7,043	\$ 7,039	\$ 5,162	\$ 4,551	\$ (611)	50%	42%
ISBE	\$ 6,550	\$ 6,687	\$ 4,755	\$ 4,863	\$ 108	46%	46%
DHS	\$ 3,498	\$ 3,179	\$ 2,447	\$ 2,156	\$ (292)	48%	43%
Higher Education	\$ 1,980	\$ 1,991	\$ 1,817	\$ 1,807	\$ (10)	66%	67%
TRS	\$ 2,777	\$ 3,513	\$ 2,087	\$ 2,634	\$ 547	50%	50%
SURS	\$ 1,253	\$ 1,312	\$ 908	\$ 994	\$ 86	45%	47%
Corrections	\$ 1,179	\$ 1,218	\$ 796	\$ 857	\$ 61	44%	45%
CMS	\$ 1,482	\$ 1,377	\$ 1,124	\$ 1,369	\$ 245	38%	99%
DCFS	\$ 732	\$ 696	\$ 572	\$ 523	\$ (49)	57%	50%
Aging	\$ 1,100	\$ 1,031	\$ 738	\$ 606	\$ (132)	50%	38%
ISP	\$ 248	\$ 246	\$ 178	\$ 177	\$ (0)	48%	48%
Revenue	\$ 111	\$ 111	\$ 72	\$ 76	\$ 4	41%	42%
DPH	\$ 125	\$ 133	\$ 66	\$ 76	\$ 10	37%	37%
DNR	\$ 45	\$ 45	\$ 27	\$ 25	\$ (2)	40%	35%
IDOT	\$ 22	\$ 6	\$ 0	\$ 0	\$ 0	0%	0%
DCEO	\$ 31	\$ 44	\$ 10	\$ 13	\$ 3	16%	18%
All Others	\$ 1,962	\$ 2,051	\$ 1,388	\$ 1,465	\$ 77	47%	48%
Agency Totals	\$ 30,813	\$ 31,140	\$ 22,687	\$ 22,526	\$ (161)	49%	49%

¹Does not include continuing appropriations.

FINANCIAL POSITION

Table IV, below, sets forth the General Funds financial position for the third quarter of FY14. The General Funds cash balance on March 31, 2014 was \$169 million. This reflects a balance above the FY13 quarter-end level, when the cash balance was \$134 million.

Table IV
FINANCIAL POSITION
Third Quarter Review
FY2013 vs. FY2014
(in millions)

	<u>FY13</u>	<u>FY14</u>	<u>Change</u>
CASH BALANCE			
General Funds Cash Balance (12/31)	\$ 138	\$ 204	\$ 66
Change in Operating Cash for Q3	(4)	(35)	(30)
Transfer In from Budget Stabilization Fund	-	-	-
General Funds Cash Balance (3/31)	\$ 134	\$ 169	\$ 36
SELECT CURRENT LIABILITIES			
General Funds Accounts Payable (3/31)	\$ 6,510	\$ 4,459	\$ (2,051)
Total Select Current Liabilities	\$ 6,510	\$ 4,459	\$ (2,051)
NET WORKING CAPITAL (GF Cash less GF A/P)	\$ (6,377)	\$ (4,290)	\$ 2,087

EMPLOYMENT HIGHLIGHTS

Table V, below, sets forth third quarter employment highlights. Nationally, the unemployment rate in March 2014 was 6.7%, down from 7.5% during the same period in 2013. Illinois' unemployment rate of 8.4% in March 2014 was also lower than its rate of 9.2% in March of the previous year. Additionally, total nonfarm employment in Illinois increased.

Table V
EMPLOYMENT HIGHLIGHTS
Third Quarter Review
FY2013 vs. FY2014

STATEWIDE EMPLOYMENT STATISTICS	<u>March-13</u>	<u>March-14</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,785,500	5,814,900	29,400
Unemployment Rate, Illinois	9.2%	8.4%	-0.8%
Unemployment Rate, United States	7.5%	6.7%	-0.8%
Labor Force Participation Rate, Illinois	65.7%	65.4%	-0.3%
Labor Force Participation Rate, United States	63.3%	63.2%	-0.1%